

Message Text

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STATE:MGOLDMAN

EA/J - DSMITH

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O 222200Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI IMMEDIATE

INFO AMEMBASSY TOKYO IMMEDIATE

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E.O. 11652:

TAGS:

SUBJECT: TRAVEL OF AMBASSADOR YEUTTER ON STEEL

FOR AMBASSADOR YEUTTER AND R. HEIMLICH

1. COMMERCE SURVEY OF INDUSTRY INDICATES ROUGH ESTIMATE OF BEARING STEEL IMPORTS (52100) FOR 1974 AS TOTALING 27,500 TONS, OF WHICH JAPAN ACCOUNTED FOR 6800 TONS. THIS GIVES DIMENSIONS OF EXCLUSION PROBLEM. ABOVE ESTIMATE MAY NOT BE VERIFIABLE FROM OFFICIAL IMPORT STATISTICS PRIOR TO JUNE 14, 1976.

2. DEFINITIONAL PROBLEM OF BEARING STEEL STILL EXISTS. AISI 52100 IS MATERIAL THAT SPECIALTY STEEL INDUSTRY AND BEARING INDUSTRY ARE FOCUSING ON FOR AREA OF LIBERALIZATION. JAPANESE SUGGEST THAT HEADNOTE 1 OF SUBPART B, PART 2, SCHEDULE 6, NOTES (II) AND (III) BE AMENDED TO READ AS FOLLOWS FOR SUJ 2 AND 3:

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(II) NOT LESS THAN 0.3 PERCENT CARBON AND OVER
1.6 PERCENT TO 11.0 PERCENT INCLUSIVE CHROMIUM;
OR

(III) NOT LESS THAN 0.85 PERCENT CARBON AND OVER
1.15 PERCENT TO 1.8 PERCENT INCLUSIVE
MANGANESE; OR

WILL ANALYSE. BUT SUGGESTION APPEARS WHOLLY INAPPROPRIATE.

3. TYPE B AND A (BEARING AND OTHER TOOL STEEL) CATEGORIES
OF SHIFT APPROACH HAS PROVED IMPOSSIBLE TO UTILIZE FOR
SHORT-TERM SOLUTION DUE TO DEFINITIONAL PROBLEM AND
QUESTION OF APPROPRIATE BASE LIMITS TO WHICH SHIFT WOULD
APPLY.

4. FOR PURPOSES OF DISCUSSIONS HAVE TABLED FOLLOWING

EXCHANGE OF LETTERS PROVIDING FOR 100 PERCENT TOOL STEEL
SHIFT. THIS SHOULD AMELIORATE PROBLEM FOR NEXT TWO
MONTHS WHILE FURTHER SOLUTIONS SOUGHT. BEGIN TEXT OF
STR LETTER:

EXCELLENCY,

I AM WRITING WITH REFERENCE TO THE PROBLEM WHICH HAS
ARISEN DUE TO THE COUNTING OF CERTAIN STEEL SUITABLE FOR
BEARINGS, IMPORTED FROM JAPAN, AS QUOTE ALLOY TOOL
STEEL END QUOTE UNDER THE NOTES EXCHANGED BETWEEN THE
GOVERNMENT OF JAPAN AND THE UNITED STATES GOVERNMENT ON
JUNE 11, 1976.

IN THE DISCUSSIONS LEADING TO THE EXCHANGE OF NOTES,
THE UNITED STATES GOVERNMENT INDICATED THAT SUCH STEEL
WAS FOR THE MOST PART NOT CLASSIFIABLE AS QUOTE ALLOY
TOOL STEEL END QUOTE AS THAT TERM IS DEFINED IN ANNEX A
TO THE NOTES. I HAVE BEEN INFORMED BY THE UNITED
STATES CUSTOMS SERVICE, AFTER THE ENTRY INTO EFFECT OF
THE NOTES, THAT THIS INFORMATION WAS ERRONEOUS.

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I WISH TO ASSURE YOU THAT IT IS THE WISH OF THE
UNITED STATES GOVERNMENT TO AVOID INSOFAR AS FEASIBLE
DELAYING SHIPMENTS OF THE ABOVE-DESCRIBED STEEL. SUCH
DELAYS WOULD RESULT, DUE TO THE FILLING OF THE ALLOY TOOL
STEEL RESTRAINT LEVEL BY THESE SHIPMENTS, CONTRARY TO OUR
PREVIOUSLY EXPRESSED INTENTION. I WOULD THEREFORE PRO-
POSE ON BEHALFOF THE UNITED STATES GOVERNMENT, PURSUANT
TO PARAGRAPH 6(B) OF THE PROVISIONS CONTAINED IN THE

NOTES, THE FOLLOWING AMENDMENT TO ANNEX C THERETO:

ANNEX C, PROVIDING THE MAXIMUM INCREASES IN BASE LIMITS
OF RECEIVING CATEGORIES, AS REFERRED TO ON PARAGRAPH 3 OF

THE NOTE, WOULD BE AMENDED WITH RESPECT TO THE RESTRAINT
PERIOD JUNE 14, 1976 - JUNE 13, 1977, AND THE COLUMN
HEADED QUOTE ALLOY TOOL STEEL END QUOTE BY DELETING
THEREFROM THE NUMBER QUOTE 1 END QUOTE AND SUBSTITUTING
THEREFORE THE NUMBER QUOTE 100 END QUOTE.

I WOULD FURTHER PROPOSE THAT SHOULD FURTHER AMEND-
MENTS BE REQUIRED IN CONNECTION WITH THE PROBLEM THAT I
HAVE REFERRED TO ABOVE, THAT SUCH MODIFICATIONS BE
EFFECTED BY EXCHANGE OF LETTERS BETWEEN APPROPRIATE
DESIGNATED OFFICIALS OF THE EMBASSY OF THE GOVERNMENT OF
JAPAN AND OF THE OFFICE OF THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS.

AFTER RECEIVING YOUR CONFIRMATION THAT THE GOVERN-
MENT OF JAPAN AGREES TO THE PROPOSED AMENDMENT, AN
APPROPRIATE NOTICE REFLECTING THE AMENDMENT WILL BE
PUBLISHED IN THE FEDERAL REGISTER, AND MADE EFFECTIVE
ON THE DAY FOLLOWING THE DATE OF PUBLICATION.

FREDERICK B. DENT
SPECIAL TRADE REPRESENTATIVE

HIS EXCELLENCY
FUMIHIKO TOGO
AMBASSADOR EXTRAORDINARY AND
PLENIPOTENTIARY OF JAPAN

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BEGIN TEXT OF PROPOSED GOJ RESPONSE:

EXCELLENCY,

THIS IS TO ACKNOWLEDGE THE RECEIPT OF YOUR LETTER OF
SEPTEMBER , 1976, WITH RESPECT TO THE NOTES EXCHANGED ON
JUNE 11, 1976 BETWEEN THE GOVERNMENT OF JAPAN AND THE
UNITED STATES GOVERNMENT CONCERNING TRADE I CERTAIN
ARTICLES OF STAINLESS STEEL OR ALLOY TOOL STEEL.

YOU PROPOSED ON BEHALF OF THE GOVERNMENT OF THE
UNITED STATES THE FOLLOWING AMENDMENT TO ANNEX C TO THE
NOTES:

ANNEX C, PROVIDING THE MAXIMUM INCREASES IN BASE LIMITS

OF RECEIVING CATEGORIES, AS REFERRED TO ON PARAGRAPH 3 OF

THE NOTE, WOULD BE AMENDED WITH RESPECT TO THE RESTRAINT
PERIOD JUNE 14, 1976 - JUNE 13, 1977, AND THE COLUMN
HEADED QUOTE ALLOY TOOL STEEL END QUOTE BY DELETING
THEREFROM THE NUMBER QUOTE 1 END QUOTE AND SUBSTITUTING
THEREFORE THE NUMBER QUOTE 100 END QUOTE.

I HEREBY CONFIRM ON BEHALF OF THE GOVERNMENT OF
JAPAN ITS AGREEMENT TO THE PROPOSED AMENDMENT, AND TO THE
PROCEDURES WHICH YOU HAVE OUTLINED FOR MAKING ANY FURTHER
MODIFICATIONS WHICH MAY BE REQUIRED TO THE AMENDMENTS.

AMBASSADOR EXTRAORDINARY
AND PLENIPOTENTIARY OF JAPAN

HIS EXCELLENCY
FREDERICK B. DENT
THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS.

END TEXT OF LETTERS.

5. AMBASSADOR DENT'S TRIP HAS BEEN CANCELLED. HE PLANS
TO REMAIN IN WASHINGTON. THIS SHOULD ALLOW YOU AS MUCH
TIME AS YOU DEEM NECESSARY FOR SUCCESSFUL CONCLUSION OF
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YOUR DISCUSSIONS IN TAIPEI AND SEOUL. HABIB

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NNN

Message Attributes

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Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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04 MAY 2006

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TAGS: ETRD, TW, US
To: TAIPEI
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